



ACCOUNTING AND PURCHASING POLICY MANUAL

INTRODUCTION

This Accounting Policy Manual (APM) has been developed for the benefit of Township Staff and is a recapitulation of current financial and purchasing policies and practices. The APM will be reviewed and updated annually or as needed throughout the year.

TREASURY

BUDGET PROCESS

The formation of the municipal budget is an iterative process. Even after adoption by the Township Council, Staff should continue to look for new and innovative methods to provide services or perform functions more efficiently in an effort to be as fiscally responsible as possible. Additionally each budget is prepared with future budgets in mind. In other words, the Township never adopts a budget with only that fiscal year in mind but instead always has a multiple-year horizon. This precludes the use of budget gimmicks that, although helpful in the short term, can cause major issues in the long term

The budget process, which begins each September, is comprised of various steps that culminate in the adoption of the budget in the spring of the following year. Staff should analyze each budget from dollar one. That is, they should start from zero, review and justify all budget requests. Just because an item was funded in a current budget does not mean that it will be funded in the following year's budget. It is strongly recommended that all budget submissions be at or below prior year requests and the need for any increases MUST be justified. Department/Division Heads are responsible for O&E detail sheets. Treasury is responsible for Personnel sheets. Additionally, each department as appropriate must submit a six-year capital budget plan that outlines the need for capital equipment/projects. It is important to note that just because an item appears on the capital budget does not mean it will automatically be funded without any further action of the department head. A request for a bond ordinance MUST come from the department and at that time the need for that ordinance will be reviewed by the Business Administrator (BA).

The below steps are to be followed during the budget process. Compliance dates will be disseminated to Department Heads each September.

Step One – The BA will review budget policies and procedures with Department Heads at one of the two September post-Council staff meetings. If necessary, a separate meeting will be scheduled.

Step Two – Department Heads will meet with the Chief Financial Officer (CFO) to finalize current year issues.

Step Three – Department Heads shall submit salary and wage requested changes and adjustments to the CFO.

Step Four – Department Heads shall submit proposed budget detail sheets for each budgetary account in their respective budgets. The budget detail sheets MUST be submitted electronically on the template provided by Treasury. ALL FINAL DETAIL SHEETS MUST BE SUBMITTED AT THE CONCLUSION OF THIS STEP

Step Five – The Mayor and/or BA shall conduct a public hearing on the expenditure portion of the budget.

Step Six – The BA and CFO shall conduct internal meetings, as necessary, with staff. ALL detail sheets will be reviewed and adjusted as necessary and the final sheets shall be provided to Department Heads.

Step Seven - The BA and CFO shall present and review the budget with the Mayor.

Step Eight –The Township Council adopts a temporary budget that will stay in effect until the final budget has been adopted by the Council.

Step Nine – Budget Introduction by the Council

Step Ten – Review of the budget with a Council Budget Committee or Council Committee of the Whole.

Step Eleven – There shall be a Budget Workshop at which time Department Heads will make brief presentations. This step may be combined with Step Ten.

Step Twelve – Public Hearing.

Step Thirteen – Budget Adoption.

PAYROLL

The Township has instituted a Personnel/Payroll Accounting System (Kronos) which is utilized to keep track of hours worked, vacation, sick time, etc. All Departments are responsible for inputting the necessary data. All Department Heads or designees MUST reconcile all time and attendance information on the Wednesday of the week preceding the pay week. This section will be updated as the Kronos project progresses.

Full Time Employees:

The Township has a longstanding policy and practice of paying employees every two weeks on a Friday. In 2015 like most years, this works out to twenty-six (26) pay-periods.

All paychecks received in 2015, are for regular 2015 pay only. Receiving one-twenty sixth of your 2015 pay on January 2nd, means you have already been paid through January 14, 2015. The second received on January 16th, paid regular through January 28th. Each subsequent pay will also pay forward. So, as long as employees work the entire year, the entire year's pay is received and the employee will not owe the Township. But, should an employee abruptly leave employment during the year, for any reason, it is possible they will owe the Township for overpayment.

Employees leaving for reasons other than retirement are required to give a minimum of two week's notice and may be responsible to reimburse the Township for any overpayment or work beyond a payday to

earn the overpayment, thereby eliminating the need for reimbursement. The Township has never withheld or held back any pay from newly hired employees as some other employers do.

Any employee planning on retiring must give the Township a minimum six week notice. This will allow the Township and employee to verify banked time, and work out the employee's final working day and use of banked time to eliminate any unnecessary overpayment issue. Advance notice will benefit the employee.

An official last working day can only be set and approved, by the Director of HR or the CFO. Should any employee believe they were paid improperly, or have questions concerning; schedule, hours worked (OT or regular) they should first see their supervisor. If after discussing same with their supervisor, there is still an issue or questions to be addressed, then the problem should be brought to HR or Treasury.

DEPOSITS

Per state law all departments that collect checks/cash from the public MUST submit these receipts to Treasury by the end of each business day as these funds need to be deposited within forty-eight hours of receipt.

SEMINAR AND CONFERENCE EXPENSES

Every January the CFO shall disseminate an updated Seminar and Conference Expenses Policy. Contained within this policy are the rates of reimbursement for breakfast, lunch and dinner as well as the mileage for the use of personal vehicles (please note that personal vehicles SHALL only be used with PRIOR approval of the employee's Department Head). Additionally, please note the following.

1. The employee MUST receive a separate, ***detailed*** receipt from and prepared by the restaurant for ***EACH*** and ***EVERY*** meal that shows the cost of the meal and tip. There will be ***NO*** reimbursement WITHOUT THE ORIGINAL receipt. A receipt that only shows a lump sum amount ***is NOT acceptable.***
2. Reimbursements are for the employee ONLY.
3. The Township does NOT reimburse for alcoholic beverages.
4. If an employee purchases gasoline while out of Wayne, he/she MUST submit an ORIGINAL receipt in order to get reimbursed. Receipts will be needed for reimbursements of tolls as well. If EZ Pass is used, a copy of the EZ Pass Statement is an acceptable form of receipt.
5. Any reimbursement for conventions/meetings/seminars must be submitted to Purchasing and paid in the same year that those expenses were incurred. For example, if an employee attends a seminar in April of 2015 reimbursement for that expense must be requested and paid in 2015. If this request is made in 2016 it will be denied. NO EXCEPTIONS.

The Township does not pay for hotel or travel expenses (air, train) should someone attend a seminar/convention that requires an overnight stay and/or out of state travel. The Township will pay for the registration fee and gas and meals in accordance with the above policy. Any requisitions for travel expenses (air, train, etc.) and hotels will be returned.

MISCELLANEOUS

ALL open purchase orders utilizing fiscal accounts (starting with the year) MUST be canceled by the end of the year unless permission has been received from the CFO or BA. However, under no circumstances will purchase orders remain open past March 31 of the following year. End of year encumbrances for dollar amounts beyond what can reasonably be expended by December 31 will NOT be accepted without prior approval of the BA or CFO.

PETTY CASH POLICY

There are only two petty cash funds approved for the Township of Wayne, one for the Library and one for Town Hall located in the Revenue Department. Petty cash funds can only be used for the payment of incidental expenses, mileage, tolls, parking etc. and are not repetitive in nature. Funds shall not be used to circumvent the purchasing procedures of the township. A petty cash expenditure is an expenditure not exceeding \$25.00.

Procedures:

- A petty cash reimbursement request must be completed by the requester. (see below for a copy of the request form)
- The request must be approved and signed by the requester’s Department Head.
- All petty cash requests must be supported by an original itemized receipt, credit card statement or ez-pass bill.
- Petty cash requests must also be signed by either the CFO, Assistant Finance Director or the Deputy Treasurer before being submitted for reimbursement.
- The person receiving the cash must sign the request form at the time of receipt.
- All replenishment requests shall be done by purchase order with supporting original receipts attached.
- Checks to replenish petty cash shall be made out to the custodian of the petty cash fund.
- Periodic reconciliations of petty cash must be performed.
- All petty cash funds shall be closed out before December 31st of each year.
- All approved funds shall be reestablished at the first council meeting the following January.

RECEIVED OF PETTY CASH

No. _____ DATE _____

DESCRIPTION OF ITEM / SERVICE PURCHASED	AMOUNT
CHARGE TO ACCOUNT	TOTAL
RECEIVED BY _____	APPROVED BY _____

TOPS FORM 3008 LITHO IN U.S.A.

BUDGET TRANSFERS

Budget transfers (from salary to O&E or from Department to Department) are not allowed prior to November 1 of each year. All transfer requests must be submitted to the BA. Once the BA has approved this request it will be presented to the Township Council at a future Council Meeting. Please note that ALL budget transfers must be approved by Council resolution PRIOR to being finalized.

FIXED ASSETS

Fixed assets are any tangible item such as equipment, vehicles, building improvements/additions and land acquisitions that have an original purchase price of \$5,000 or more, not including labor, tax or transportation costs and has a useful life of at least five years. An excel spreadsheet has been prepared by the Finance Department and should be updated whenever a fixed asset has been purchased and an invoice has been obtained. Please contact the Finance Department to obtain a spreadsheet. Please keep a copy of the original invoice attached to the fixed asset spread sheet. All items that can be tagged with a township tag shall be. If you cannot tag an item a serial, VIN or model number that is visible on the asset will need to be supplied on the fixed asset listing. To obtain fixed asset tags please make your request to the Finance Department and they will supply a pre-assigned set of tags to you. If you have any question on what constitutes a fixed asset please contact the CFO to discuss. The Finance Department will be collecting these fixed asset sheets along with the invoices attached in November of each year in order for the items to be added to the Edmunds system prior to the end of the year.

PURCHASING DEPARTMENT

Below is an outline of the purchasing procedures that are currently in place and must be followed in order for the needs of the using department to be met. Purchasing policies/procedures/laws MUST be followed at all-time regardless of whether funding is coming from the federal government, state government, county government or the Township if Wayne. If you have any questions please call Purchasing prior to taking an action. IT IS MUCH EASIER TO CORRECT A PROBLEM BEFORE IT OCCURS THEN IT IS AFTER IT OCCURS.

PURCHASE ORDERS (POs)

Goods and services are not to be ordered or in any way be committed to without the existence of a valid PO. Any goods or services ordered without an encumbering PO absent a genuine emergency (lack of proper planning does not constitute an emergency) are confirming orders and **confirming orders are illegal and, therefore, are not acceptable**. During an emergency it may be necessary to make a commitment

without a PO. In such event, the BA or Purchasing Department **MUST be notified PRIOR to the order being placed**. The following examples should help in understanding the encumbering process.

- An employee may need to purchase an unknown quantity of various items from a hardware store. Since we do not know how many items will be purchased a blanket PO to that vendor must be prepared PRIOR to the first purchase being made and when that encumbrance has been exhausted another blanket PO should be prepared if necessary. Going to the store, buying something and then preparing a PO unless there is an emergency in which case **PRIOR approval MUST** be obtained from the BA or Purchasing is **NOT acceptable**.
- An employee utilizes a lawn service to cut grass at abandoned houses. Since we do not know how many lawns will be cut a blanket PO **MUST** be prepared **PRIOR** to the first lawn being cut and when that encumbrance has been exhausted another blanket PO should be prepared if necessary.
- An employee receives a subscription during the course of the year. A blanket PO must be prepared at the beginning of the year PRIOR to receiving that subscription.
- An employee has a yearly contract for a lease of property which is paid on a quarterly basis. A blanket PO must be prepared at the beginning of the year. This PO can be prepared on a quarterly basis as well.

Again, if you have any questions, please ask before rather than after taking an action.

REQUISITIONS

The requisition is Purchasing's authority to initiate the procurement process. A complete and accurate description of the items to be purchased, quantity to be purchased, date material is needed, where delivery is to be made and vendor **MUST** be listed on the requisition.

There are two requisition forms that may be used, the Edmunds generated form and a manual (three part) form.

The manual requisition consists of three (3) copies prepared by the Using Department:

1. Vendor's Copy (pink)
2. Purchasing Copy (yellow)
3. Using Department (green)-(retained for reference by that department)

All requisitions **MUST** be signed by the Department Head or his/her authorized representative. The requisition **MUST** contain the full account number (not just the last few digits), indicate whether the items to be purchased are BID (if bid you must include the bid/contract number), NON-BID, STATE CONTRACT, CO-OP (delineating which one, along with the contract number) RESOLUTION or QUOTE. Purchasing shall

amend the requisition if deemed necessary to conform to Local Public Contracts Law. Backup MUST be sent for all requisitions. If this box is blank the requisition will be returned to you.

SECURING PRICES

The securing of prices is the responsibility of the using department.

The following methodologies may be utilized to obtain prices:

- Telephone/Email – The greatest number of prices are obtained by the use of the telephone or email. Note: Obtaining a price from a vendor does not constitute a purchase and the successful vendor should be advised to wait for a PO before shipping any items. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.
- Quotation Request (purchases over \$5,400.00) – A written request should be sent to selected vendors describing the items needed. The vendor should respond via email or fax to your solicitation and these responses must be part of your backup. In time sensitive cases, quotes may be obtained by telephone. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.
- Cooperative Purchasing Contracts – New Jersey State Contracts (administered by the New Jersey Division of Purchase and Property), the Morris County Cooperative Pricing Contracts, Somerset County Cooperative Contracts, North Jersey Wastewater Cooperative Contracts and the Middlesex Regional Educational Services Cooperative Contracts are available to utilize for the purchase of many goods and services should be utilized as much as possible. Purchases exceeding \$36,000 made under State Contracts or any co-op (in the aggregate) MUST have the Council's approval PRIOR to any goods or services being purchased. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.
- Formal Bids (purchases over \$36,000.00) – State Law requires that sealed bids be solicited when purchases exceed the bid threshold in the aggregate for a calendar year. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.

DOLLAR THRESHOLDS

Under \$5,400. – These purchases are normally made by the using department. Although not required, it is strongly suggested that a minimum of three quotes be obtained even if the goods or services to be purchased are under the quote threshold. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.

\$5,400. to \$17,499 – These purchases **REQUIRE** three written quotes. If for some reason quotes cannot be obtained, a written explanation as to “why not” must accompany the requisition. In time sensitive

cases, quotes may be obtained by telephone. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.

\$17,500. to \$35,999.00 – Any purchase \$17,500 or above **REQUIRES** a Council Resolution pursuant to the NJ Pay to Play Law (P2P). Other than for an emergency (lack of proper planning does not constitute an emergency), **NO** purchases for goods or services exceeding \$17,499 can be made without a **PRIOR** resolution of Council. At the beginning of each year a \$16,500 threshold is established for all vendors and this amount **CANNOT** be exceeded without the PRIOR approval of the BA unless authorized by a bid award. Once the \$16,500 threshold has been met the need for a resolution will be discussed with the using department. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER. **PAY TO PLAY THRESHOLDS APPLY TO THE VENDOR AND NOT JUST TO A SPECIFIC PROJECT.**

\$36,000 and over – These purchases **REQUIRE** public bidding pursuant to the Local Public Contracts Law, N.J.S.A. 40A:11-1 et. seq. A contract **MUST** be awarded by the Council before **ANY** commitment is made to a vendor. IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.

BID PROCEDURES

The Purchasing Department, with assistance from the using department and after funding is available, prepares a set of specifications detailing the items or services required. Once the specifications have been finalized and approved by the using department a legal notice is placed in the Township's official newspaper advising prospective bidders of the goods or services needed or construction to be done. The notice instructs prospective bidders on how to obtain the bid documents, where and when to submit the bid, bid date, etc.

Bids are normally opened 11:00 AM on Tuesday mornings unless otherwise noted in the public notice, by the Township Clerk in a public setting.

A tabulation is prepared by the Purchasing Department in order to analyze the proposals received. This analysis is then forwarded to the using department who shall submit a written recommendation to the BA (on letterhead) to award a contract to the lowest responsible bidder(s) or to reject the proposals received. A final recommendation will be sent by the BA to the Council for their official action. After the bid is awarded Legal shall prepare a contract to be sent to the vendor for signature.

Once the contract has been executed by all parties, purchase orders may be issued against the contract. A PO for a contract awarded by the Township Council must be requested by the using department as soon after the Council Meeting as is practical. Waiting months to request a PO is NOT acceptable.

In the event that the bids received are unsatisfactory or no bids are received, a re-bid for the item(s), service (s) is required. If after two attempts bids are still unsatisfactory or no bids have been obtained, the Township may negotiate with interested vendors. It should be noted that PRIOR authorization to negotiate **MUST** be obtained from the Council and Purchasing. It is illegal to negotiate PRIOR to receiving Council authorization to do so.

PURCHASE ORDERS

A purchase order is prepared by Purchasing, utilizing the using department's requisition. Purchase orders are prepared through the Edmunds Accounting System. Manual purchase orders may be used for emergencies only with PRIOR approval of Purchasing. The BA shall sign all POs. In the absence of the BA, a designee may sign these POs.

Distribution of Copies is as follows:

- a. White and Yellow copies are mailed to the vendor. The yellow copy is a payment voucher which the vendor must sign and return via mail (**original signature is required**) with an invoice in order to receive payment for services rendered.
- b. Pink copy is the using department's copy and is retained by them.
- c. Gold copy is the Treasury Department's encumbrance copy.
- d. Green copy is the Purchasing Department's alphabetical copy.
- e. White copy is the Purchasing Department's numerical copy (manual style only).
- f. Orange copy is the Treasury Department's numerical copy (manual style only).

The cutoff for next day POs is 1:00 PM. The last day for POs in any calendar year will be determined by the BA or CFO but is usually around the Christmas holidays so plan accordingly.

PAYMENT SCHEDULE

After merchandise is received or work/services performed, the vendor's invoice and signed payment voucher along with verified delivery/packing slips are forwarded to the Purchasing Department for processing to Treasury. Cutoff for processing payments is Wednesday, end of business day.

Treasury prepares a "Bill List" for the Governing Body's approval every Friday for the next subsequent Council Meeting.

Checks are mailed to a vendor on the Friday after the Council Meeting at which the bill was approved. Unless prior arrangements have been made with the CFO all checks are mailed. No checks shall be released prior to 3:00 PM Friday following the Council Meeting.

The original voucher with all paperwork is retained in the Treasury department.

Construction contracts are governed by the Prompt Payment Law (P.L., 2006, c. 96) "which establishes timing standards for the payment of bills for a wide range of construction-related contractors." Please refer to Local Finance Notice LFN 2006-21 dated November 1, 2006. Below is a brief synopsis of the law. However, it is imperative that anyone managing a construction contract be familiar with this law.

Per the Prompt Payment Law the Township must pay a contractor within thirty days of receipt and approval of a bill. Accordingly, all bills MUST be date stamped upon receipt. If a bill is being challenged,

the contractor MUST receive written notification within twenty days of the receipt of the bill. There are financial penalties attached to the failure to follow this law so please make sure you are totally familiar with Prompt Payment.

CHANGE ORDERS

Change orders for a project/contract, etc. awarded by resolution of Council should be avoided if at all possible. The dollar amount approved by the Council cannot be exceeded without a formal change order and a new resolution approved by the Council. If it is not possible to avoid utilizing a change order the request MUST be submitted to the BA PRIOR to any work being performed or orders placed. If justified, the change order will be presented to the Council for consideration. Emergencies will be addressed on a case by case basis.

DISPOSITION OF SURPLUS AND OBSOLETE EQUIPMENT

The Purchasing Department is responsible for the disposition of surplus and obsolete materials, equipment and vehicles.

When a department head determines that an item is no longer needed for a public purpose, he/she shall provide the Purchasing Department with a written request to dispose of the item. This request shall include such information as type of item, manufacturer and serial number.

Upon the concurrence of the BA a resolution will be presented to the Council for approval. No items shall be disposed of without an approved resolution.

After a resolution has been approved by the Council, a public sale, bid or auction will be scheduled. In some cases the items are disposed of as scrap.

CONTRACT MANAGEMENT

Contract management is the responsibility of the using department. Although Purchasing does attempt to track contracts it is incumbent upon you to know when a contract expires as well as the dollar amount of that contract so that the amount authorized by the Township Council is not exceeded. **Once a contract expires it can no longer be used and cannot be extended retroactively. Please note that an amount authorized by Council CANNOT be exceeded without PRIOR approval of the Council.** As a contract's expiration date approaches you should contact Purchasing to discuss a new bid or a contract extension. The bid process takes approximately three months so you should be guided accordingly. This also applies to Interlocal agreements which Purchasing does not track.

USE OF CREDIT CARDS

The Township allows the public to use credit cards for certain activities such as joining the pool or lake, swim lessons and Violations. Those departments currently utilizing credit cards have been given prior permission. This program may be expanded at some later date.

MISCELLANEOUS

1. The purchase of any furniture (desks, chairs, etc.) will require prior approval of the BA before any PO is processed.
2. Request for agenda items must be received no later than 12:00 PM of the Wednesday preceding the week of the Council Meeting. A request for a bond ordinance must be received no later than 12:00 PM of the Tuesday preceding the week of the Council Meeting.
3. People having office holiday parties must pay for these themselves. Township funds, monies from dedicated accounts, etc. may NOT be used for this purpose. This type of PO will NOT be approved.
4. LACK OF PROPER PLANNING DOES NOT CONSTITUTE AN EMERGENCY.
5. For those departments ordering shoes, sweatshirts, jackets, summer t-shirts, etc. (per a collective bargaining agreement) all orders MUST list the name of each person who will be receiving shoes, sweatshirts, summer t-shirts, etc. Any requisition/PO not including names will be returned.
6. From time to time departments/divisions sponsor meetings where breakfast/lunch is served. Care should be taken to insure that we are being as economical as possible. In other words, a menu of pizza is acceptable while a hot meal from a nice restaurant is not. It does not matter if the funding is coming from a dedicated account. We are dealing with public funds and we must be very careful how these funds are spent. Any bills beyond what is considered acceptable will NOT be paid for by the Township. If you have a question as to what may or may not be acceptable you should ask PRIOR to placing an order.
7. Any supervisor coordinating a professional service contract MUST provide a monthly status (no later than the 10th of each month) to the BA. This should include, but not be limited to, total authorized expenditures, money spent prior month, total money spent and resolution number if applicable. When seventy-five percent of the authorized funding has been expended you MUST discuss the need for additional funding with the BA. This will insure that monies spent will not exceed the authorized appropriation.